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State Department review completed

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WESTERN EUROPE

3. US-Iceland defense negotiations progressing:✓ US
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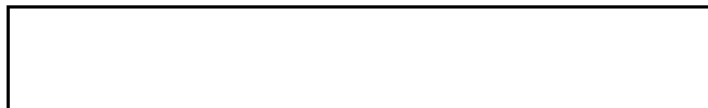
Icelandic Government leaders will agree to stationing a peacetime NATO force of 3900 in Iceland, according to Foreign Minister Benediktsson, who is now negotiating an agreement for the island's

defense. Iceland wishes to retain the right to authorize any increase that might be deemed necessary by NATO; it does not wish that Icelanders initially be included in the force. Furthermore, it desires to include a provision allowing for termination of the agreement after six months' consultation, with an additional six months for evacuation. The form of the agreement is also undetermined because the government refuses to accept certain provisions if they are to be made public; the US Minister assumes that it will be possible to work out an agreement for submission to the parliament which would give the government general over-all authority.

Comment: Iceland's acceptance of foreign troops in peacetime would constitute the greatest departure from its traditional isolationism since signing the North Atlantic Treaty. Even if the government stresses that the foreign

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force is primarily for the security of the Keflavik Airport, such an agreement will be hotly debated in the parliament, and it is only the public's increased sensitivity to Iceland's vulnerability in the absence of any armed forces of its own which makes such an agreement possible.

4. Pleven's resignation an anti-Communist stopgap:

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According to a report from the US Embassy in Paris, ex-Premier Pleven prevailed on President Auriol to accept the Government's resignation as an anti-Communist maneuver. By

not risking a second vote of confidence, Pleven avoided a dissolution of the Assembly and thus postponed at least temporarily the calling of elections under the present electoral law, which favors the Communist Party.

Comment: In this way, Pleven has side-stepped the constitutional provision requiring the formation of an all-party caretaker government following a dissolution. He also has given the Assembly another chance to work out a new electoral law, and thus limit Communist effectiveness in the coming 1951 elections. The problem of electoral reform, however, will aggravate the serious difficulties involved in forming another government on the basis of the present Assembly.

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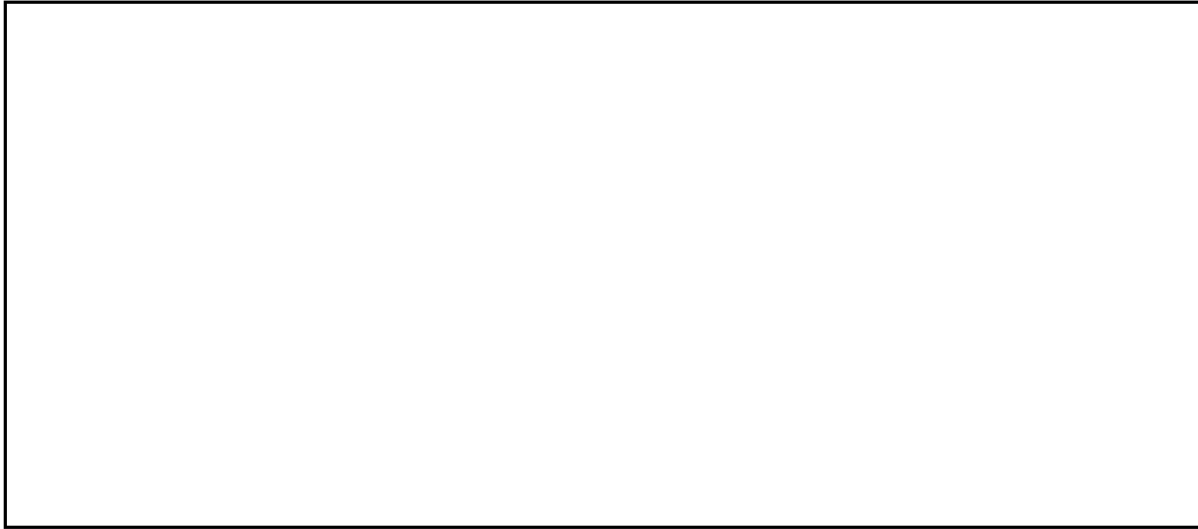


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LATIN AMERICA

6. Chilean Communists may attempt demonstrations:

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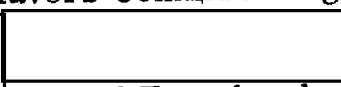
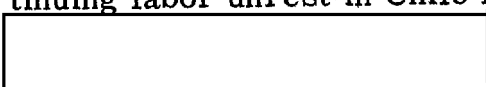


The Communist Party of Chile will reportedly attempt a demonstration against US Assistant Secretary Miller when he arrives in Santiago to attend the UN ECOSOC meeting now in session.

*CHILE
US*

Comment: Assistant Secretary Miller is scheduled to be in Santiago March 5-7. The Communists can be expected to use his visit as a springboard for propaganda and agitation against the coming Inter-American Meeting of Foreign Ministers and in support of any Soviet propaganda condemning "US exploitation of Latin America" at the current UN ECOSOC meeting. Continuing labor unrest in Chile favors Communist agitation at this time,

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A Communist

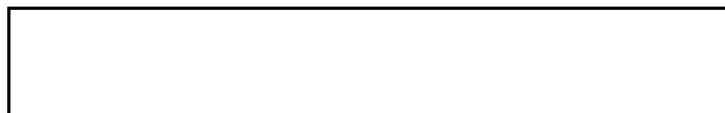
demonstration denouncing the US and French roles in ECOSOC occurred on 22 February and was promptly suppressed.

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7. Brazilian Foreign Minister promises full cooperation with US:

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[REDACTED] Foreign Minister Neves da Fontoura has told US Assistant Secretary of State Miller that he accepts fully the US point of view regarding proposals for the coming meeting of Inter-American Foreign Ministers and has promised that there will be no differences between Brazil and the US at the meeting. Neves also indicated his desire that Brazil send one division to Korea, but emphasized the need to prepare public opinion for such a move. Meanwhile, other Brazilian officials, in discussing economic cooperation, applied "terrific pressure" on Mr. Miller to make a public statement that 500 million dollars would be forthcoming to Brazil.

BRAZIL
US

Comment: This report of the Foreign Minister's statements is more optimistic about the prospects of Brazilian cooperation [REDACTED] The pressure for a loan of 500 million dollars confirms previous information indicating that Brazil's cooperation will be on a quid pro quo basis.

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This is the first indication that Brazil would like to send a division to Korea. Only a few months ago, Brazilian military officials and former Foreign Minister Fernandes asserted that Brazil could not meet the requirements of the Unified Command for troops sent to Korea.

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